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C O N F I D E N T I A L SECTION 01 OF 05 NEW DELHI 004131

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TAGS: [PREL](#) [PTER](#) [PHUM](#) [MASS](#) [IN](#) [NP](#) [UK](#)

SUBJECT: INDIAN PUNDITS PRESS FOR NEW DIRECTION IN NEPAL
POLICY

REF: A. KATHMANDU 1123

[1](#)B. NEW DELHI 2220

[1](#)C. NEW DELHI 1426

Classified By: A/DCM Geoff Pyatt, for Reasons 1.4 (B, D)

[1](#)1. (C) Summary: Delhi-based Nepal-watchers are split in their diagnosis of the strength of the competing factions in Nepal, and on their prescriptions for an end to the country's political crisis. The GOI decision to release non-lethal military assistance to the RNA and press reports of Indian contacts with the Nepalese Maoists have sparked widespread complaints that India has no coherent Nepal policy. Local pundits and Nepal experts recommend options ranging from full support of the King for military operations against the Maoists to sanctions on Nepal to force the Palace to negotiate with the political parties and Maoists. However, the GOI has for now continued its course between the two extremes, giving cautious backing to the King but pressing him on democracy, and seeking to avoid any daylight with the US. The GOI's immediate focus is to encourage the King and parties to negotiate. End Summary.

[1](#)2. (C) Recent discussions with New Delhi-based Nepal experts reveal no consensus on the best way to resolve the impasse among the Palace, the parties and the Maoists in Nepal. However, they broadly assert that Indian policy has been lackluster and directionless, criticizing the apparent shifts of position manifested in the initial GOI condemnation of the "royal coup," the subsequent decision to resume non-lethal military assistance, and media reports of GOI contacts with the Maoists.

Indian Policy Debates

[1](#)3. (C) The divergent views among Nepal-watchers here on the prospects for a compromise between the King and the parties, the strength of the different actors, and the willingness of the King to accept true democracy are mirrored by indecision within the GOI. The UPA government initially staked out a pro-democracy position, following its identification of democracy promotion (refs B and C) as a key element of Indian foreign policy. Since then, however, conflicting factions of government and society have pulled Indian policy in alternating directions.

[1](#)4. (C) The swift GOI condemnation of the Palace's moves earned praise from its Left Front governing partners, who see ideological brethren in the Marxist and Maoist groups in Nepal opposing the King. These parties, buttressed by human rights NGOs and democracy activists in India, see the King as a reactionary despot who should be opposed at all costs, and support the political parties as the defenders of democracy and human rights in Nepal. This perspective is shared by an influential circle of national security hawks, including former Deputy NSA Satish Chandra, who sees the Nepalese monarchy as a doomed enterprise and argues that India should pave the way for a republican Nepal. On May 31, Chandra told Poloff that by appearing to back the King, India and the US were picking the losing side, as the monarchy was an "anachronism" that would eventually disappear. Siding with the King now would cause the US and India to lose the opportunity to influence the course of events in post-monarchy Nepal.

[1](#)5. (C) In contrast, most of the Indian security establishment sees the Nepalese Maoists as actual or potential collaborators with India's naxalite insurgents, and Hindutdva-based political parties proclaim an affinity to the world's only Hindu monarch. These factions have emphasized India's historically close relations with the Nepalese monarchy and the danger of the Nepalese Maoists forming a "revolutionary zone" from Nepal through central India to argue for backing the monarchy to the hilt. This internal and external pressure has convinced the GOI to begrudgingly accept the need to deal with the King, particularly in security assistance to repel the Maoists. Squeezed between these extremes is the Foreign Ministry, which shares our twin objectives (no Maoist victory and return to democracy), values the policy partnership with the US, and is trying to navigate between competing Indian interest groups.
Support the King Now, But Later...

16. (C) Former Ambassador to Nepal KV Rajan reflected broader sentiment among many Nepal experts when he commented to Poloff recently that GOI policy toward the King has been "backwards." Instead of cutting off military supplies and demanding democracy, the present requirement is for stronger support for the King against the Maoists, he argued. Conversely, the GOI's constant reiteration that constitutional monarchy is one of the "twin pillars" of government in Nepal in the future is also misguided: the GOI should back the King now but be ready to "help him depart the scene" once the present crisis is over. In contrast, he said, the USG approach better recognized the real threat posed by the Maoists.

17. (C) Rajan outlined the elements of his ideal path for Nepal's future (which he admitted was optimistic):

- Strong military action to take the fight to the Maoists;

- Split in the Maoist leadership and subsequent faltering of the insurgency;

- New leadership in the political parties with better credibility and stronger commitment to good governance;

- The King's realization that he cannot hold back demands for democratic reform forever.

18. (C) With these steps, he argued, revitalized political parties will gradually win concessions from the Palace on democratic reforms. Rajan felt that with this view of Nepal's future, the time was ripe for informal consultations with Nepalese elites on the structure of a future democratic government in Nepal.

King as Usurper

19. (C) Dissenting from this optimism, MG (ret) Ashok Mehta and Lt Gen (ret) Dipanker Banerjee recently gave more gloomy assessments of Nepal's future. Mehta told Poloff on May 20 that his contacts in Kathmandu have heard rumors that the King was planning to appoint Surya Bada Thapa as a new Prime Minister, but that Thapa had declined to accept the post without guarantees of freedom of action in his office. The King's unwillingness to grant this assurance was indicative of his determination to keep all power, Mehta said. In a May 24 meeting, Banerjee agreed that the King fundamentally opposed democracy or infringements on his power, and that all of his moves since February 1 have only been "tactics" aimed at preserving his governing role.

110. (C) Banerjee also dismissed the willingness of the current party leaders to compromise with the King. They will not change their character "even if they realize that they're playing into the Palace's hands," he said. What has changed in the past month, he stated, was India's willingness to accommodate the intransigent positions of the King and the parties. The GOI wants democracy, but it wants law and order even more, and is willing to settle for minimal guarantees of essential freedoms. However, this gives the King an opportunity to "play at granting freedoms" while not giving in on any restoration of democratic government, Banerjee warned.

111. (C) Rajan noted that the King "has a point" when complaining about the parties' corruption, and the parties lack credibility in Nepal as a result. It is therefore incumbent on India to "support a new generation" of party leaders, Rajan said, adding that as they displace the current leaders, the King will have no excuse for not engaging the parties on political reforms. Rajan was optimistic that if the King is able to beat back the existential threat from the insurgency he will feel more secure, and thus more open to talk of democracy. Even if he was not so inclined, Rajan added, once the immediate danger of a Maoist takeover has faded, the pressure for democratic reform would be overwhelming, and India would then be free to apply pressure to the King to accept the change.

Maoist Strength?

112. (C) Rajan argued that India needs give the King more leeway to make progress against the Maoists. Aggressive military action combined with Maoist disarray following the public split between leaders Prachanda and Bhattarai could dismantle the Maoist insurgency as a threat to Nepal's government. Rajan asserted that the King, if he had not caused it, was working to exacerbate the internal strife in the insurgency through Maoist agents "on his payroll." Under no circumstances, argued Rajan, should the Maoists be given quarter, unless as individuals they renounce the movement. He strongly condemned proposals to include the Maoists in a democratic government, and urged the GOI and USG to help the

King pressure the Maoists militarily as a way of persuading individuals to give up the insurgency.

¶13. (SBU) In contrast, Mehta dismissed the notion that the split in the Maoist leadership had undermined their capabilities. He noted that the movement had survived thus far without major dissension and internal struggles, and predicted that Prachanda's personal following was sufficient to guarantee a cohesive party in the near future, despite the disagreements with Bhattarai.

¶14. (C) Although Mehta and Banerjee agreed that the Maoists were unable to pose a military threat to the RNA, they warned that the RNA could be weakened by political events and Maoist tactics. Mehta speculated that in the current impasse between the parties and the King, the parties will engage in escalating protests, and that the King will be forced to deploy an increasing number of RNA troops in the Kathmandu valley to quell political agitation. This reduction in the available troop strength could lead to Maoist victories outside of Kathmandu. Mehta stated that the Maoists were intimidating RNA soldiers' families, demanding that the soldier quit or face reprisals. In the face of the extortion and threats, and forced to fight their own countrymen, the RNA was losing 200 soldiers each month, Mehta asserted. He worried that Maoist pressure tactics, if continued, could convince entire RNA units to desert, undermining morale throughout the army.

GOI Position on Maoists Questioned

¶15. (SBU) Media reports that Maoist leader Baburam Bhattarai had met Communist Party of India (Marxist) general secretary Prakash Karat under the auspices of Indian intelligence services in late May stoked a new round of public debates in New Delhi. While the Nepalese Palace and its Indian supporters have condemned any GOI involvement as a betrayal of India's decision to support the King against the Maoists, other commentators see engagement with the Maoists as a positive step. Mehta remarked that he has long encouraged his GOI contacts to maintain a liaison to the Maoists, to hold open a pathway for them to join in a political process after renouncing violence. Going farther, a May 27 Times of India editorial called on the GOI to encourage the Maoists to participate in a democracy in Nepal, arguing that Nepalese "democracy will cure Maoism" even as Indian democracy has drawn parties with revolutionary rhetoric into the political mainstream. Jawaharlal Nehru University Professor of South Asian Studies SD Muni likewise applauded this outreach to the Maoists, welcoming it as a restoration of balance in India's approach to the Nepal issue.

¶16. (SBU) However, the revelation of a GOI role in chaperoning a wanted Maoist around New Delhi also elicited criticism that government branches are working at cross purposes. In an effort to end the controversy, the MEA spokesman stated on May 26 that the GOI still considers the Maoists as a terrorist organization, but did not explicitly repudiate the possibility that Bhattarai had visited New Delhi. On May 31, Muni told guests at a lunch for a visiting HIRC staff member that the apparent shifts of policy on military assistance for the RNA and the Bhattarai visit to New Delhi showed that the collaboration among the US, UK and India was "in tatters." (Note: Muni's disparagement of US policy was influenced in part by a mistaken media report of Ambassador Moriarty's remarks in Kathmandu as described in ref A. End note.)

GOI on Political Solution

¶17. (C) Under Secretary (Nepal) Manu Mahawar repeated MEA's condemnation of the Maoists to Poloff on May 31, but agreed that ultimately the insurgency must be resolved politically, as the RNA does not have the capacity to force a military defeat on the Maoists. Mahawar said that the GOI is urging the parties to unite and engage the King in negotiations for a compromise on democratic government, and hopes that the announcement of non-lethal military supplies to the RNA would be an incentive for the Palace. However, he admitted that India had not yet seen the steps toward democracy that the King had promised to PM Manmohan Singh in Jakarta in April.

¶18. (C) Mahawar reviewed the GOI's desired roadmap for a reconciliation between the Palace and political parties, leading to a joint approach to talks with the Maoists. Indian efforts were now aimed at encouraging the King and parties to come together, Mahawar said. He added that the King and the parties have separate contacts with the Maoists, but that no mediation among the groups would be possible until the Maoists renounce violence and the fundamental power struggle between the King and parties was resolved. The King was unwilling to part with power, but he "can't continue" on this path indefinitely, observed Mahawar, as the Nepalese economy suffers from uncertainty, strikes and blockades, and donors and businesses leave Nepal.

Political Options

19. (C) Ambassador Rajan suggested that the US, India and the UK, along with providing more support to the King to suppress the Maoist insurgency, should create a "Tier 2" contact group to begin formulating plans for the future of Nepal. As governments could be constrained politically in making public proposals, Rajan suggested a non-governmental group that could talk to the "twenty or thirty people in Nepal who count" to start formulating proposals for the role of the monarchy in a future government. This must be done in a low-key way to influence the right people, but not make the King feel insecure, he stressed.

20. (C) In contrast, Gen. Mehta believed that strong pressure from the US, UK and India could persuade the King in the near future to accept a political compromise with the parties, leading to a national government that the Maoists would accept as a negotiating partner, eventually bringing the Maoists into the political system as a peaceful movement. In order to achieve this, our three governments should agree at the Foreign Minister level to demand that the King reinstate a democratic government or face sanctions, and be ready to follow through on the threat. Former DNSA Chandra commented that the Palace was vulnerable to an Indian blockade of fuel supplies, and suggested that India use this lever to force the King to negotiate with both the parties and the Maoists.

Comment

21. (C) As the GOI recalibrates its approach to the monarchy, the political parties and the Maoists, the need for coordination between the US and India is even more urgent. It works to our advantage that the GOI continues to place a very high priority on close coordination with the US, and the avoidance of any perceived daylight between Washington and New Delhi. The apparent espousal of divergent policies by different branches of the GOI undermines both the Indian message to the political entities in Nepal, and the unified front portrayed by the US, UK and India. While Nepal watchers here disagree on the optimal policy, they all agree that a more clearly articulated position by the US, UK and India would strengthen efforts to resolve the impasse in Nepal.
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